

Nearly all policies and actions of the City of Wichita involve resource allocation. Central to the allocation process is the development of financial trends and the annual operating and capital improvement program budgets.

The Budget Cycle

The City of Wichita utilizes a two-year rolling budget cycle, meaning that revenue and expenditure budgets are prepared annually by fund, and revised for the next two calendar years. The City Manager submits a proposed budget to the City Council for their consideration. The proposed budget revises the current year budget, proposes a budget for the ensuing fiscal year and projects a budget for the second succeeding year.

In accordance with state law, the City submits the annual budget to the state for certification of each fund. If increased expenditure authority is needed for any fund in the revised budget, the City Council must formally approve a revised budget and re-certify of that fund to the state, following the re-certification process prescribed in state law.

While the City is developing the annual operating budget, a parallel process is taking place with respect to the Capital Improvement Program (CIP). Shortly after the operating budget is adopted, the CIP is presented, outlining the City's 10-year program for planned capital investments and the means of financing the planned projects.

THE BUDGET CALENDAR FOLLOWS THIS GENERAL SCHEDULE

January – March. Prior-year actual expenditures and revenues are reviewed, trends are analyzed, revenues are projected, wages and benefits are calculated, and base budgets are developed.

March – June. Financial assumptions and budget targets are communicated to Department Directors. Operating and capital budgets are developed by departments, submitted to and reviewed by City Budget staff, and are forwarded to and considered by the Budget Review Cabinet, which consists of senior City staff appointed by the City Manager. The City Manager conducts a final review, makes final changes and prepares the budget policy message.

July. The City Manager's recommended operating budget is presented to the City Council.

July – August. Public hearings are held weekly on the operating budget and at special meetings and workshops. City staff members respond to requests from the City Council, District Advisory Boards and other community groups.

Mid August. After the publication of a ten-day notice of hearing in the official newspaper, a final hearing is held and the budget is formally adopted. After the notice of hearing has been published, the budgeted expenditures for each fund may not be increased, although other changes may be enacted.

August 25. Certification of the operating budget is made to the State of Kansas.

Throughout August and early September. The Capital Improvement Program is presented and comments are received, generally in a bi-annual process.

Fall. The City Manager's Proposed Capital Improvement Program is distributed.

Mid or late fall. The Capital Improvement Program is presented to the City Council. (The Capital Improvement Program process is explained in greater detail in this document in the section titled "Debt Service Fund and Capital Projects".)

State Laws and Accounting Practice

Statutes of the State of Kansas govern the operating budget process. Among other provisions, the budget law states that cities must:

- prepare annual, itemized budgets;
- account for the prior, current, and ensuing year in specific ways;
- maintain fund balances within prescribed limits;
- hold a formal hearing, with appropriate publication and notice;
- complete the process and submit the budget by August 25; and
- not exceed adopted expenditure authority without approval through a formal amendment process.

The cash-basis law provides that cities may not pay any obligation in excess of the amount of funds actually on hand in the treasury at the time for the indicated purpose. Under state law, and according to accepted accounting principles, accounts of the City are organized by funds and groups of accounts. This means that:

- each fund is a budget and for accounting purposes has its own set of revenues and expenditures, which must balance;
- expenditures within each fund are limited to the specific purposes of that fund; and,
- resources or revenues in excess of current expenditures are not available for expenditures in other funds.

The State of Kansas statutes, as well as the Summary of Significant Accounting Policies and Description of Funds, are presented in the "Other Information" section following the fund summaries in this document.

Factors Influencing the Budget Development Process

The amount of available funding determines much of the budget process. Since future revenues cannot be known for certain, the framework for the whole budget development process, in effect, is built upon assumptions about the City's economic and financial future.

Revenue Projections. The first step in the budget development process is the projection of revenues by City staff. Trends in the performance of each revenue source are studied, and economic conditions and events that could alter the projections are considered.

By March of each year, the best assumptions about many future revenue sources must be "put on the table." The revenue assumptions become the basis of each fund's projection in the Financial Plan.

BUDGET REVISIONS, AMENDMENTS AND ADJUSTMENTS

Early in the year and concurrent with the development of financial trends and projections, the process begins to revise the current year budget and develop the next year's operating budget. Revisions incorporate the latest available information for revenue and expenditure estimates. In addition, the revisions ensure that the planned programs and service levels conform to any new City Council policies.

BUDGET AMENDMENTS. Under Kansas law, the City Council may amend an adopted budget during an operating year, if unforeseen circumstances create a need to increase the expenditure authority of a fund or budget. A ten day official notice is published and a public hearing is held before the City Council.

BUDGET ADJUSTMENTS. During the year, budget adjustments in amounts less than \$25,000 are made within funds administratively, as actual program costs develop. Budget adjustments greater than \$25,000, or adjustments that change the intent of a program expenditure are brought to the City Council for action.

FACTORS IMPACTING THE BUDGET DEVELOPMENT

- Revenue projections, trends and assumptions
- Prior choices, such as policy decisions, programs, and debt obligations
- New needs in the community
- Community preferences
- Limitations imposed by state and federal legislation, the national economy and natural resources

Many factors affect revenues, including weather conditions (especially important for electric, gas and water utility franchise taxes); legislative proposals related to state-shared revenues (local ad valorem tax reduction fund revenues, motor vehicle and gas taxes); and local economic conditions (influencing the sales tax revenue stream as well as other sources). Economic indicators used in preparing the financial projections and budget are included in the "Other Information" section of this document.

Forecasting revenues is one of the most difficult tasks the City has in preparing a budget. If assumptions are too optimistic, policy makers may adopt programs that will not be supported by actual revenues in the coming year. If assumptions are too pessimistic, the budget process becomes constrained by the need to reduce programs and expenditures, or to find new revenue sources, including tax increases.

Assumptions are stated at the beginning of the General Fund presentation because of their importance in the budget process. The assumptions not only provide a benchmark for adjustments in the actual year of operation, but also allow other interested citizens to challenge and improve on the assumptions as the budget is being reviewed.

Prior Choices. The budget process is shaped by many policy decisions and guidelines established by the City Council. For example, the Council monitors the reserve for the General Fund and has determined to maintain levels that do not fall below a minimum of 10 percent of annual revenues. The reserve is thought to be a prudent “savings account” for unforeseen emergencies or shortfalls caused by revenue declines.

Programs supported in the current operating budget represent prior Council commitments that must be continually evaluated to determine if the programs should be sustained, altered, reduced, or eliminated altogether. Reallocations of personnel or equipment, and other modifications involving levels and methods of service delivery in ongoing programs must be undertaken with sensitivity to community

preferences, in addition to minimizing disruption to all individuals involved in producing or receiving the service.

Debt obligations that have been assumed to pay for the City’s streets and bridges, water and sewer systems, park system, and facilities are another prior choice important in the budget development process. Property tax support for debt service, as a matter of City Council policy, amounts to ten mills, or roughly one-third of all property taxes paid by taxpaying residents in the City.

Closely related to decisions on new debt obligations are the ongoing costs assumed with new capital projects. Future costs of heating and maintaining new buildings, and keeping roads and streets in good condition will add to the annual operating costs.

New Needs, Preferences and Limitations. Finally, new needs and policy directions, as well as unexpected constraints, shape the over-all budget process. Among the most important on the agenda for the City have been public safety and support for community policing and maintenance of the City and infrastructure.

Meeting unexpected costs of programs mandated by the federal and state governments, as well as providing for future employee compensation, continue to be critical issues. These and other policy matters are addressed in the City Manager’s letter, or policy message, which focuses the City Council and citizens on the important decisions encompassed in the operating budget.

The organization of the budget document is, systematically from front to back, moving from the broadest perspective of service by department to fund specific information. The document is arranged by department with the final section providing reference information to enhance readers' understanding of overall concepts. A companion detail budget document provides specific, in-depth information relative to department line-item budget and funds.

The City Manager's Policy Message is the focal point of the entire document. The City Manager's Policy Message presents in policy format the issues facing the City along with the City Manager's recommendations for addressing the issues through the budget.

The City Profile provides a historical outline of the City of Wichita. In addition, the City Profile reports demographic information, as well as information on industry and employment. Selected measures and projections of community growth that have assisted the budget process are reported in the City Profile.

The Budget Process provides a budget calendar and basic information about the budget process.

Summaries of Revenues and Expenditures are in the following section. Often called the City's "Total Operating Budget," the summaries in fact are a combined presentation of operating budgets (or legal funds) that are established as locally funded operations. Trust funds, grant funds and capital funds are not included.

The largest section of the budget document contains **department presentations**. Each department or unit presentation includes budget highlights, an overview of the services provided, a discussion/analysis of the financing and operations issues and a selected key performance data.

The final section of the budget document contains **Other Information**, and provides supplementary detail for the rest of the document.

Budget Documents

Altogether, several documents are produced to be used as tools in the financial planning and policy making process, and are available as references during the implementation of programs.

The City of Wichita Financial Plan presents economic and financial assumptions, preliminary revenue projections, current level expenditure estimates and balances for five years into the future (generally prepared in the spring of each year).

- The **Proposed Annual Budget** contains the City Manager's proposal to meet the City's operating needs for a two-year (continually rotating) period, along with revenue estimates and decision points for City Council action (published in July). A companion publication, the **Proposed Budget Detail**, provides detailed revenue and expenditure information.
- The **Adopted Annual Budget** contains the operating expenditure limits (by fund) approved by the City Council and certified to the State of Kansas for the coming calendar year (published in November). The companion detail publication is the **Adopted Annual Budget Detail**.
- The **Capital Improvement Program** (CIP) provides the ten-year program for planned capital projects and the means of financing them.

Governmental Funds. Governmental funds are used to account for operations that rely mostly on current assets and current liabilities.

- The **General Fund** finances the largest portion of current operations. General Fund operations are Police, Fire, Public Works, Park, Library, Law, Municipal Court, Finance, Health, City Council, City Manager and General Government. Primary funding sources are property taxes, motor vehicle taxes, franchise taxes, intergovernmental aid and user fees.
- The **Debt Service Fund** accounts for the payment of interest and principal on long-term general obligation (GO) debt. Sources of funding include property taxes, special assessments, sales tax, bond proceeds, interest earnings and miscellaneous sources.

Special Revenue Funds finance specified activities from a dedicated revenue source and are presented in the Detail Budget after General Fund activities within each department presentation.

- The **Tourism and Convention Fund** supports convention and tourism promotion with monies collected through the transient guest tax.
- The **Trolley Fund** receives contributions, charter income, fares, and other revenues to finance operating and maintenance costs of five trolleys.
- The **Special Alcohol Programs Fund** receives a dedicated portion of state-shared alcohol liquor tax revenues, which are reserved only for services or programs dealing with alcoholism and drug abuse prevention and education.

- The **Special Parks and Recreation Fund** receives a portion of state-shared alcohol liquor tax for the support of park and recreational services, programs and facilities.
 - The **Ice Rink Management Fund** uses revenues received from the operation of Wichita Ice Sports to offset the expense of contract management for the facility.
 - The **Landfill Fund** receives income through a lease agreement with a private contractor, to support activities at refuse disposal sites and environmental management needs.
 - The **Landfill Post Closure Fund** exists to satisfy a statutory requirement of contingent resources enough to remediate environmental hazards emanating from the City's closed landfill. The resources were accumulated during the operation of the landfill, are enhanced through investment, and must be maintained throughout a thirty year liability period.
 - The **Central Inspection Fund** utilizes building permit and license fees to monitor and regulate compliance with City codes on building construction, housing maintenance, signs and zoning.
 - The **Economic Development Fund** provides management for the City's ongoing capital financing program as well as the administration for special financing projects.
 - The **Sales Tax Construction Pledge Fund** receives one-half of the City's local sales tax distribution, which has been pledged to support the City's transportation infrastructure. Resources are used to support debt obligations in the Debt Service Fund for selected freeway, arterial, and bridge projects, and thereafter to cash finance other qualifying and designated transportation projects.
 - The **Property Management Fund** utilizes rental revenues and other earnings to acquire, manage, and dispose of City-owned properties.
 - The **State Office Building Fund** uses building and garage rent payments and parking space revenues to manage custodial and maintenance functions of the State Office Building.
 - The **Tax Increment Financing Fund (TIF Districts)** receives support from a property tax increment in defined districts to fund remediation and clean-up of groundwater contamination, and fund redevelopment projects to prevent or alleviate blighted areas. Districts established to eliminate groundwater contamination also receive funding from potentially responsible parties to assist with the clean-up efforts.
 - The **Self-Supporting Municipal Improvement District (SSMID)** was created by the City Council in 2000 as a benefit assessment district to improve and convey special benefits to properties in downtown Wichita. The SSMID Fund provides the accounting mechanism for the revenues and distributions of the district.
 - The **City/County Joint Operations Fund** supports the Metropolitan Area Planning Department and maintenance of the Wichita-Valley Floodway Project. Both operations are jointly financed by the City/County (less any self generating revenue), but are administered within the City's organization.
 - The **Art Museum Board Fund** segregates the annual General Fund subsidy given to the Art Museum, allowing these resources to carryover to subsequent fiscal years, earn interest, and maintain a cash reserve for accrued liabilities (vacation and sick leave) and for emergencies.
- Enterprise Funds** are used for government functions that are self-supporting. Enterprise funds belong to the group of funds called "proprietary," and are operated much like a business, with a balance sheet for all long-term debt obligations, assets and liabilities. These funds provide services to the community at large, in contrast with internal service funds (another kind of proprietary fund that provides services within the City organization). Each enterprise operation receives revenues from the sale of services or user fees. The operations generally do not receive tax support, except for Transit, which receives a subsidy from the General Fund.
- The City has six enterprise funds:
- The **Wichita Airport** provides facilities for air transportation services for the public, business and industry.
 - The **Golf Course System** provides five public golf facilities that are supported by user fees.
 - The **Sewer Utility** operates and maintains the sewer component of the combined Water and Sewer Department, including wastewater treatment plants.
 - The **Water Utility** operates and maintains the water component of the combined Water and Sewer Department, treating and distributing a safe, reliable supply of water from the equus beds (aquifer) and Cheney Reservoir (surface water).
 - The **Storm Water Utility** is responsible for the construction and maintenance of the City's storm water system.

- **Wichita Transit** provides public bus service through regular fixed route services and special charter (point-to-point) services.

Internal Service Funds provide services for City departments at cost. Like enterprise funds (which provide services externally), internal service funds belong to the “proprietary” group of funds. The funds are operated like a business, with a balance sheet for all assets, current liabilities and long-term obligations.

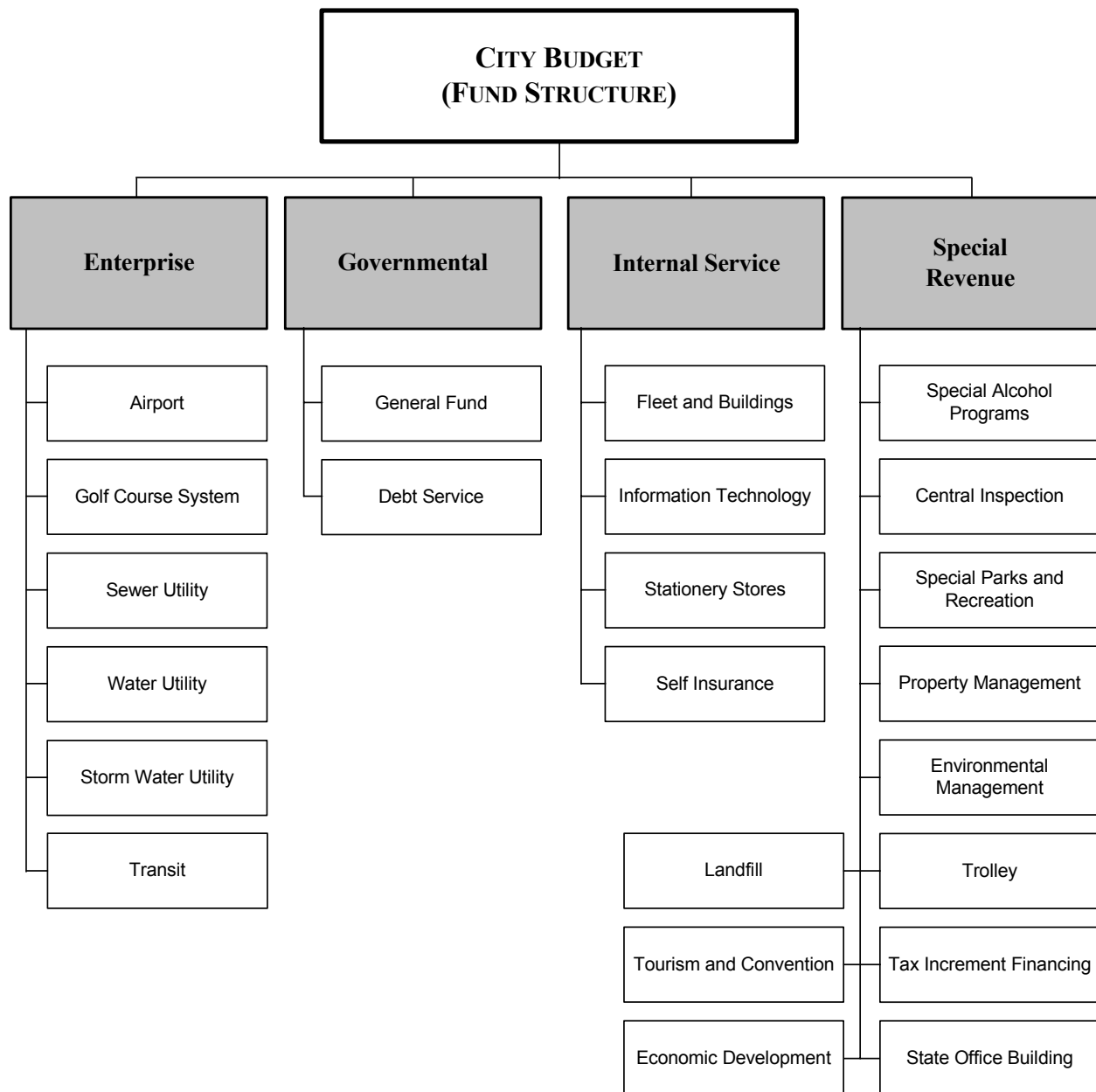
The City has four internal service funds:

- **Fleet** includes coordinates the equipment motor pool and central maintenance facility.
- **Information Technology** coordinates the City's office automation and data processing, and provides centralized management of the large digital switch, long distance usage, smaller telephone systems, and other telecommunications.
- **Stationary Stores** provides all departments with office supplies, mail service, and microfilming at the most economical cost.
- **Self-Insurance** accounts for the self-insurance programs of health, workers' compensation, group life, employee liability, property damage and general liability.

Trust Funds are established when the City is custodian of monies that are to be reserved and used for a specific purpose. The budget document presents selected trust funds that are expended according to the conditions of the trusts.

- The **Wichita Employees' Retirement Fund** provides a pension program for noncommissioned employees. The City's contribution is budgeted within the operating departments.
- The **Police and Fire Retirement Fund** provides a pension program for commissioned Police and Fire personnel. The City's contribution to this pension program is budgeted within the operating departments.
- The **Cemeteries Trust Fund** uses interest earnings and charges for services to maintain the Highland Park and Jamestown cemeteries.

The chart on page 17 provides a graphic representation of the fund structure utilized in the City budget. Efforts have led to a consolidation of funds (for example, more than a dozen property tax supported funds have now been consolidated into the General Fund and Debt Service Fund). Fund consolidation, along with automated data system accounting, allows improved management and costing of programs (and cost recovery where appropriate) and maximizes City Council financial flexibility in policymaking.



City of Wichita
Department of Finance
July 2002

2004/2005 ANNUAL OPERATING BUDGET CALENDER

Fiscal 2004	Action
March 17	Budget instructions for 2004/2005 operating budget sent to departments
April 21	Final budget submittals due from departments
May 19-28	Budget Review Cabinet meets on the 2004/2005 operating budget
May 27	Financial plan overview presented to the City Council.
June 2 – June 16	City Manager reviews the 2004/2005 operating budget
July 8	Distribution of City Manager's Proposed 2004/2005 Annual Operating Budget
July 15	Hearing on the 2004/2005 operating budget
July 22	Hearing on the 2004/2005 operating budget
August 1	Publication of notice of final hearing on the 2004 annual operating budget
August 5	Hearing on the 2004/2005 operating budget
August 12	City Council formal hearing and adoption of the 2004 operating budget. City Council fixes levy and authorizes publication notice on the 2004 annual operating budget.
August 25	Filing of levies and 2004 budget with Sedgwick County Clerk (K.S.A. 79-1801 and 79-2930)

CITY COUNCIL MEMBERS

Carlos Mayans	Mayor	268-4331	455 N. Main, 67202
Sharon Fearey	Vice Mayor (VI)	303-8042	*2700 N. Woodland, 67207
Carl Brewer	Council Member (I)	303-8017	*2755 E. 19th, 67214
Sue Schlapp	Council Member (II)	268-4331	455 N. Main, 67202
Phil Lambke	Council Member (III)	303-8029	*2820 S. Roosevelt, 67210
Paul Gray	Council Member (IV)	303-8008	*455 N. Main, 67202
Bob Martz	Council Member (V)	268-4331	455 N. Main, 67202

*Council Members can be reached at the Neighborhood City Hall as well as City Hall at 455 N. Main, 268-4331.

CITY DEPARTMENTS & DIRECTORS

City Manager	268-4351	Chris Cherches, City Manager
General Government	268-4351	Cathy Holdeman, Assistant City Manager
Airport	946-4700	Bailis Bell, Director of Airports
Art Museum	268-4977	Charles A. Steiner, Director of Art Museum
Central Inspection	268-4460	Kurt Schroeder, Superintendent of Central Inspection
Finance	268-4300	Kelly Carpenter, Acting Director of Finance
Fire	268-4451	Larry Garcia, Fire Chief
Environmental Health	268-8401	Jack Brown, Director of Environmental Health
Housing Services	268-4687	Mark Stanberry, Acting Director of Housing Services
Information Technology	268-4318	Kirk Swilley, Chief Information Officer
Law	268-4681	Gary Rebenstorf, Director of Law & City Attorney
Library	261-8500	Cynthia Berner-Harris, Director of Libraries
Municipal Court	268-4611	Kay Gales, Court Administrator
Park	268-4361	Doug Kupper, Director of Park and Recreation
Personnel	268-4531	Karen Marshall, Personnel Director
Planning	268-4421	John Schlegel, Director of Planning
Police	268-4158	Norman Williams, Chief of Police
Public Works	268-4497	Steve Lackey, Director of Public Works
Transit	265-1450	Jay Banasiak, General Manager
Water and Sewer	268-4504	David Warren, Director of Water and Sewer

Note: All phone numbers are within the 316 area code.



CELEBRATING 100 YEARS OF FLIGHT



“Steer Crazy After All These Years”

Artist: Randy Newby
Where: Sedgwick Co. Zoo, Front Plaza
555 W. Zoo Blvd.
(Zoo Blvd. & I-235)
Sponsor: Arts Council
Benefits: Arts Council Youth Programming

“Music Takes Wing”

Artist: Eugene Holdsworth
Where: North Branch YMCA
3330 N. Woodlawn
(Woodlawn & K-96)
Sponsor: DeVore Foundation
Benefits: YMCA



“High Finance”

Artist: Deborah Dimmick
Where: Towne East Square, Inside
7700 E. Kellogg
(Kellogg & Rock Road)
Sponsor: Arts Council
Benefits: Arts Council Youth Programming